

Message Text

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PAGE 01 JIDDA 01861 161138Z

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ACTION SS-25

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R 161115Z MAR 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 0583

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

C O N F I D E N T I A L JIDDA 1861

EXDIS

E.O.: 11652: GDS

TAGS: ENRG, JO, SA, LE

SUBJ: YAMANI VIEWS ON TAPLINE

REF : STATE 058855 AND PREVIOUS

1. I RAISED INFORMALLY FUTURE OF TAPLINE WITH AHMED ZAKI YAMANI, SAUDI MINISTER OF PETROLEUM. HE KNEW ALL ASPECTS OF THE PROBLEM AND PROCEEDED TO TELL ME WHAT WAS WRONG; I.E. JORDANIAN AND LEBANESE DESIRE FOR OIL AT CONCESSIONARY PRICES.

2. I SAID I THOUGHT THIS WASN'T THE ENTIRE PROBLEM AND ASKED IF IT WERE REASONABLE TO EXPECT ARAMCO/TAPLINE TO PAY MORE IN GOVERNMENT TAXES THAN ARAMCO PAYS FOR ITS EXPORTS FROM RAS TANURA. HE SAID, "OF COURSE NOT," AND SAID THIS MATTER COULD BE "ARRANGED."

3. YAMANI SEEMED TO THINK THAT THE PROBLEM HAD BEEN BLOWN OUT OF PROPORTION. IT WOULD BE QUITE EASY, HE THOUGHT, FOR THE TRANSIT COUNTRIES TO WORK OUT WITH TAPLINE A FORMULA FOR PAYMENT OF TRANSIT FEES. HE SAID HE WAS WAITING FOR CURRENT PROPOSALS FROM LEBANON. THEY WILL HAVE TO UNDERSTAND, HE SAID, THAT IF THEY ARE TO GET ANY OIL THEY WILL HAVE TO PAY GOING PRICES. AND THEY WILL
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HAVE TO PAY FOR OIL THEY HAVE ALREADY RECEIVED. IF THEY

NEED MONEY THEY CAN DISCUSS LOANS WITH THE SAG. (HE
DID NOT RPT NOT SAY THAT THEY WOULD GET ANY.)

4. I ASKED IF SAUDI ARABIA INTENDED TO NATIONALIZE
TAPLINE. HE LAUGHED. "NO, WE WANT THE AMERICAN FLAG TO
FLY OVER TAPLINE FOREVER."

5. COMMENT: IT SHOULD BE EMPHASIZED THAT TAPLINE, WHEN
OPERATING AT CAPACITY, IS VIABLE; IT IS NOT RPT NOT
WHEN OPERATING ONLY FOR LEBANON AND JORDAN. IF SAUDI
ARABIA IS WILLING TO TAKE NO MORE IN TAXES THAN IT GETS
FOR OIL EXPORTED THROUGH RAS TANURA, AS YAMANI SAID IT
WOULD, IT SHOULD BE RELATIVELY EASY TO WORK OUT A FORMULA
WHICH WOULD PERMIT THE REOPENING OF THE LINE FOR EX-
PORTS. THIS OF COURSE ASSUMES GOOD FAITH ON THE PART
OF THE FOUR TRANSIT COUNTRIES (ESPECIALLY SYRIA AND
SAUDI ARABIA) AND NO DEMAND FROM ISRAEL FOR PAYMENTS.
SAUDI ARABIA HAS GIVEN NO CONCESSIONAL RATES FOR OIL SALES
TO ANY COUNTRY AND IS UNLIKELY TO START WITH JORDAN
AND LEBANON. IT COULD GIVE A LOAN (THERE ARE SEVERAL
PRECEDENTS) OR IT COULD GIVE A PROPORTION OF THE OIL TO
EITHER (THERE IS AT LEAST ONE PRECEDENT FOR THIS), BUT
IT WILL WANT TO GET FULL PRICE FOR WHATEVER OIL IT SELLS.
AKINS

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